

OFFICE OF AUDITS
MEMORANDUM REPORT 97-PP-008
FINANCIAL ACCOUNTING FOR OVERSEAS REAL PROPERTY
JUNE 1997

Past financial reporting on real property has been inaccurate. The Department's fiscal year 1994 and fiscal year 1995 balance sheets showed real property valued at about \$64 million and \$7.1 billion, respectively. Real property, as defined in the Foreign Affairs Manual (FAM), is a parcel or plot of land and any structures contained on that land. During recent congressional testimony, the Department stated that A/FBO manages about 3,000 government-owned, long-term-leased (10 years or longer), and restricted-use (not held under fee simple title) properties valued at over \$10 billion (based on an estimation methodology used to reflect historical cost principles).

Neither the Department's property files nor the Real Estate Management System (REMS) contains complete and accurate data on real property values. As a result, REMS is not a suitable source for real property values reported in the Department's financial statements. At the time of this review, the Office of Foreign Buildings Operations (A/FBO) had initiated action to correct problems in REMS, and the Department had identified options that, in concept, would allow REMS and the Central Financial Management System (CFMS) to share data. However, the Department had not acted on any of the options to integrate the two systems. Updating property files to include complete and accurate data and integrating the two systems would aid the Department in valuing its real property.

OBJECTIVES, SCOPE, AND METHODOLOGY

Pursuant to Delivery Order S-OPRAQ-94-C-0470-06, Leonard G. Birnbaum and Company, Certified Public Accountants, conducted a study, with assistance from our staff, to determine whether REMS can serve as the Department's financial management subsidiary system for real property. Birnbaum's specific objectives were to evaluate the accuracy of the financial data contained in REMS and, if REMS data were inadequate, to determine alternative methodologies for valuing real property. Birnbaum also attempted, unsuccessfully, to estimate the book value of overseas real property to establish a baseline the Department could use for future financial statements.

In performing its work, Birnbaum interviewed officials at A/FBO and the Bureau of Finance and Management Policy (FMP) to obtain overviews of both REMS and CFMS and reviewed:

- past reports that we or the U.S. General Accounting Office (GAO) had issued,
- applicable statutes and regulations,
- A/FBO policies and procedures,
- property files maintained in A/FBO's Real Estate Division,
- REMS data and CFMS reports, and
- project status lists.

Birnbaum selected several statistical samples, representing different categories of real property (government-owned, long-term leased, and restricted-use), to assess the accuracy of REMS data. Samples included 386 of the Department's approximately 3,000 properties. Only 315 properties were reviewed, however, because files supporting the remaining 71 properties contained insufficient data. Accordingly, Birnbaum could not complete its tests of REMS data and could not develop a book value estimate for overseas real property.

Birnbaum compared the REMS data for the 315 properties with data in the property files to determine if recorded acquisition costs were supported. The documents included appraisals, deeds, purchase contracts, sales agreements, certificates of title, cables, maps, title searches, transfer documents, and general correspondence.

Birnbaum performed its work from January to July 1995 and received limited assistance from two of our auditors. Our staff performed additional audit work in November and December 1995; updated the audit work in February and March 1996 and again in March 1997; and finalized this report. Birnbaum's major contributors in this audit were Leslie A. Leiper, Certified Public Accountant, and Wallace C. Hutchinson, Certified Public Accountant. Our major contributors were Jerry Huffman, division director; Howard Goldman, audit manager; and Daniel Roehrich and Monique Taylor, auditors.

We submitted the draft report to FMP and A/FBO for comment. FMP concurred with Recommendation 2 and is already working with A/FBO to finalize a methodology for valuing real property. A/FBO did not provide comments.

BACKGROUND

The Foreign Service Building Act of 1926, as amended (22 U.S.C. 291, et seq.), authorizes the Secretary of State to (1) acquire sites and buildings in foreign countries through purchase, lease, construction, or exchange; (2) maintain and improve these properties; and (3) dispose of the properties when appropriate. This authority was delegated to A/FBO, which acts as the single real property manager for nonmilitary property overseas.

Systems to Monitor Real Property

A/FBO relies primarily on two information systems--REMS and CFMS--to monitor its real estate program overseas. Implemented in 1984, REMS was intended to be used as an information system to provide (1) an inventory of all real property holdings overseas and (2) data to monitor overseas housing. REMS relies almost totally on data input by post personnel. As of February 1997, 218 of the 260 posts provided automated data to A/FBO to update REMS. These 218 posts account for about 75 percent of the total number of properties. Posts using the automated system report data to A/FBO quarterly. The remaining posts manually update their data semiannually, and A/FBO personnel add the data to REMS.

FMP operates CFMS, the Department's primary financial system, which was purchased in 1987 and implemented in A/FBO in FY 1991, to serve as the Department's domestic accounting system. CFMS has historically emphasized controlling funds, accounting for cash, and reporting the status of appropriated funds. However, CFMS lacks a fully functional general ledger, and it cannot provide A/FBO property managers with useful financial information on the investment in real property.

Proposals to acquire or dispose of real property, along with other property-related transactions, are submitted through A/FBO's Area Management Division. This division serves as A/FBO's primary contact with overseas posts. The Real Estate Division provides the technical real property management expertise to evaluate the proposals and determine whether or not they are in compliance with A/FBO's policies and procedures. The Real Estate Division is also responsible for operating and maintaining REMS.

Office of Management and Budget (OMB) Circular A-127, "Financial Management Systems," promulgates quality standards for financial management systems. It also prescribes policies and procedures that executive departments must adhere to in developing, operating, evaluating, and reporting on financial management systems. The circular states that agencies shall establish and maintain a single, integrated financial management system, which may be supplemented by subsidiary systems.

Financial Information Reporting Requirements

The Chief Financial Officers Act of 1990, Public Law 101-576 (31 U.S.C. 501, *et seq.*), dated November 15, 1990, mandates reporting requirements that go well beyond the traditional financial reports of Federal entities. OMB Bulletin 93-02, "Form and Content of Federal Agency Financial Statements," requires the Chief Financial Officer to include, as a part of the annual report, a discussion and analysis of financial information on the reporting entity's progress in meeting its mission, goals, and objectives. The financial statements prepared by the reporting entity are to be audited by the agency's inspector general.

Past Problems Reported

From 1983 to 1991, the Department reported weaknesses in REMS to the President and the Congress as part of its responsibilities under the Federal Managers' Financial Integrity Act. Two of our past reports also discussed deficiencies in REMS and CFMS. A March 1992 report, *Acquisition and Disposition of Real Estate Overseas* (2-PP-002), disclosed numerous discrepancies in the data recorded in REMS. Additionally, a March 1995 report, *Review of Financial Systems Development* (5-FM-007), concluded that CFMS did not meet the requirements of the OMB circular.

DEPARTMENT INITIATIVES

A/FBO has initiated improvements to correct problems in REMS noted in our past reports. Furthermore, the Department has identified four options to integrate REMS and CFMS. At the time of our review, however, the Department had not acted on any of the options to integrate the two systems.

REMS Improvements

A/FBO has taken a number of actions to correct problems and improve REMS. A/FBO upgraded the system and configured it for use on a personal computer, improved training, enhanced controls over supporting document files, and initiated reviews of REMS data to improve its accuracy.

System Upgrades. REMS has undergone three upgrades to improve its usefulness. A/FBO upgraded the system in 1991 to incorporate a new user-friendly interface. In 1994, an improved work order module was added; this module records maintenance and repairs to real property. A/FBO also completed its efforts to configure REMS to operate on a personal computer in March 1996, and A/FBO also plans to configure the software to operate on a local area network.

Training. A/FBO has redesigned training for general service officers (GSOs) at the National Foreign Affairs Training Center to ensure they are aware of REMS requirements and how the system works. Also, A/FBO staff began holding regional training sessions for both Foreign Service Nationals and GSO staff. At the time of our review, A/FBO staff were preparing an interactive training program. For GSOs who have not received training or who need additional assistance, A/FBO personnel provide consultation by electronic mail and telephone.

Records Management. REMS supporting document files in A/FBO had been in an open area with uncontrolled access before 1991. Beginning in 1991, A/FBO began storing the files in a controlled access area. A/FBO also added a records management specialist to the staff. The specialist has implemented several improvements to the filing system,

including new procedures to retire files when applicable and to request missing records from posts. The specialist also developed a checklist to identify information required to be in the real property files. This information is used to support data recorded in REMS.

Standard Information. The Real Estate Division implemented a new policy that requires a standard cable to post when a new property is acquired. The cable requires submission of standard information to include English-text documents that identify exchange rates. According to A/FBO staff, the accuracy of information recorded in REMS over the past 5 years has greatly improved as a result of the changes.

REMS Reviews. Beginning in 1990, A/FBO staff began periodically reviewing REMS data for accuracy. A/FBO accomplishes this annual review for posts that use the automated system by (1) sending the posts edit validation reports, which list suspected errors, and (2) following up during the next REMS report submission. For posts that do not use the automated system, A/FBO staff provide data capture sheets that list suspected errors and request verification.

System Options

In 1992, the Department continued to make plans to link REMS and CFMS because (1) real property values could not be captured for financial statements and (2) the Department could not account for a variety of real property costs, including acquisition costs and capital improvements. Essentially, the general ledger did not correctly identify property values. However, the interface was never developed because of other priorities and problems, and the two systems remained separate. In October 1994, A/FBO and FMP tried to determine how REMS and CFMS could share data to improve accountability over real property assets and ensure that accurate information was available for financial reporting. They began with the intent of interfacing REMS to CFMS to support the general ledger fixed asset account for land, buildings, construction in progress, capital leases, and capital improvements. This effort established that REMS and CFMS lacked important information required for asset management purposes. Our review confirmed that REMS and CFMS did not contain accurate information on the book value of overseas real property.

Separate Acquisition Costs. REMS did not require users to enter separate costs for land and buildings for government-owned properties acquired collectively. Consequently, the cost of the individual assets could not be determined. CFMS had separate accounts for land and buildings.

Depreciation Costs. Depreciation costs could not be computed through REMS because separate costs were not entered for land and buildings. Also, REMS did not include information required to accurately record depreciation expenses for a property, such as service life, salvage value, depreciation method, and accumulated depreciation. CFMS has separate general ledger accounts for land and buildings and will update these accounts

based on data entry. However, CFMS does not track individual assets separately, and the CFMS general ledger groups buildings with varying service lives. A manual journal voucher is used to record depreciation expense at year end.

Capital Improvement Costs. REMS does not have the capacity to maintain more than one amount for construction costs per property. Costs of capital improvements are not recorded in REMS although these costs are recorded in other A/FBO software. This information, however, is required to properly account for capital improvements.

Selected Construction Costs. REMS does not separately capture direct labor, material, and overhead costs for construction projects. In CFMS, such costs are either capitalized in the building account or expensed as incurred. Generally accepted accounting procedures require that the total cost forms the basis for the acquisition cost of the buildings that is to be included in the capital asset account for buildings. Therefore, neither system will meet the requirement to capture total cost to establish the acquisition cost of the property.

Capitalized Long-Term Lease Costs. Because REMS was not designed to have data on long-term leases--such as the initial present value of the minimum lease payment, lease life of the property, and amortization rate--leases are not capitalized as required by generally accepted accounting practices. REMS captures an annual rent figure only. For example, the Department has an 11-year, long-term lease for the consulate office building in Vienna with an annual payment of \$361,000. REMS will not capitalize this lease. CFMS does not provide for capitalizing long-term leases.

A/FBO and FMP recommended a number of options for remedying the deficiencies. These included (1) refining REMS and CFMS, (2) integrating the two systems by passing messages through a communication link to one system when a significant event occurs in the other system, (3) integrating the systems by allowing for a single entry of any transaction when the transaction first occurs, and (4) creating an integrated database to achieve full integration. In January 1996, A/FBO decided against the first two options and initiated efforts to design a new version of REMS. These efforts were suspended while A/FBO was configuring REMS to operate on a personal computer. At the time our review was completed, the Department had not decided on a course of action to remedy the deficiencies in REMS. Subsequently, A/FBO decided to address the deficiencies in REMS by migrating from a mini computer to a local area network based system in headquarters and by improving post REMS. Potentially, post REMS will be flexible and allow improved coordination and data transfer between the property office in GSO and the Budget and Finance Office.

Currently, neither REMS nor CFMS can provide the complete, accurate, and reliable information needed for the Department's financial statements. Despite improvements made to REMS, it is not suitable as a subsidiary system for financial management purposes because it lacks important financial information.

As a result, the Department cannot accurately ascertain the value of its real property. Consequently, officials in A/FBO and FMP should consider the options previously developed and decide which one can best remedy the cited deficiencies.

Recommendations 1-2. We recommend that the Office of Foreign Buildings Operations and the Bureau of Finance and Management Policy take the necessary steps to decide what action can best remedy the shortcomings in accounting for real estate in the real property and financial management systems and undertake the necessary efforts to implement that action. (Recommendation 1 - A/FBO, Recommendation 2 - FMP.)

FMP concurred with Recommendation 2. On March 12, 1997, our staff met with FMP, A/FBO, GAO, and Office of Management and Budget (OMB) staff to discuss real property valuation methodology proposed by Price Waterhouse personnel, consultants to FMP. Our staff, along with GAO and OMB staff, concurred with the historical cost estimation methodology proposed by the consultants.

DATA DISCREPANCIES

REMS did not contain accurate data related to government-owned and restricted-use properties. REMS data for 48 (15 percent) of the 315 transactions reviewed had not been entered correctly. Examples of REMS errors follow.

- Land costs were not included for 17 properties, which resulted in understated property values. For example, post personnel in Quebec omitted the land cost of about \$30,800 for one property.
- REMS was not updated to document 22 property exchanges. To illustrate, post personnel in Brazzaville did not update REMS to include the value of property the post received in exchange for property the Government of Congo took from the post. The acquisition cost of the property given up by the post totaled \$399,000. Document files did not contain a value for the property received.
- Data for three properties was inappropriately deleted from REMS. For example, post personnel in Copenhagen deleted the cost of one property purchased for about \$53,200.

Although Birnbaum was unable to determine the cause of these errors because they occurred over a period of years, A/FBO staff stated that the errors were a result of inexperienced and untrained Foreign Service National personnel. If this is true, then it also indicates that the GSOs did not review the REMS input to ensure its accuracy. Because of the number of posts and the large amount of data contained in REMS, A/FBO does not have the resources to verify all data input by post personnel and to monitor subsequent changes.

Other potential errors occur, according to the A/FBO staff, because data input into REMS at post originates in the Property Management Office and not the Budget and Finance Office. A/FBO staff stated that the required financial information is not available to the Foreign Service Nationals in the property office to update REMS.

Lastly, A/FBO staff noted that REMS lacked application controls to limit data input at post. Although A/FBO staff review REMS reports and correct apparent errors, the property management staff at post can make changes to the data at any time, and these changes will override A/FBO corrections. As an example, they cited seven buildings on one post compound that were originally leased, but later purchased for a total value of \$1.9 million. Post personnel erroneously entered individual values of \$1.9 million for four of the seven buildings. A/FBO staff noticed the error and corrected it. However, post personnel later noticed the changes and re-entered the value of \$1.9 million for each of the four buildings. A/FBO staff then contacted the post to have them correct the error.

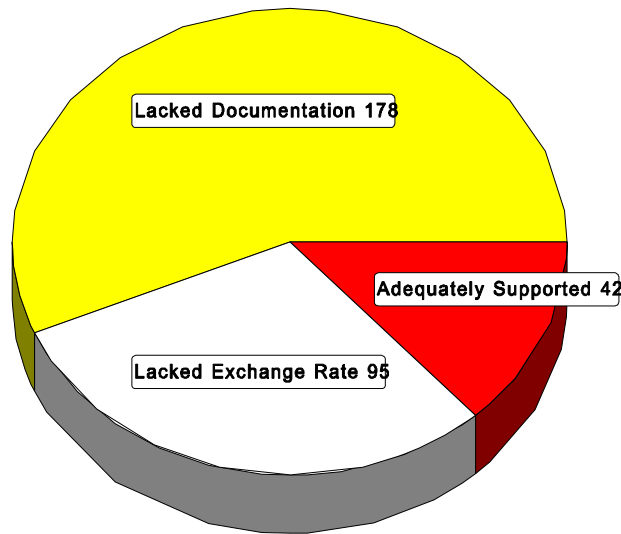
Recommendation 3. We recommend that the Office of Foreign Buildings Operations instruct posts to (1) have the general services officers coordinate with personnel in the Budget and Finance Office to verify the financial information entered into the Real Estate Management System and (2) remind the general services officers to take the necessary actions to ensure that Foreign Service National personnel accurately enter data into the system.

Recommendation 4. We recommend that the Office of Foreign Buildings Operations (1) correct the errors identified in the property system and included as appendix A and (2) instruct all posts to verify the accuracy of data recorded in the Real Estate Management System and correct any errors.

INADEQUATE DOCUMENTATION IN PROPERTY FILES

Property files often did not contain documentation to support the acquisition cost of real property. As shown in the following chart, of the 315 property transactions selected for review, 178 lacked documentation and another 95 lacked required exchange rate information. Only 42 transactions (13 percent) were adequately supported by documentation.

Documentation of Property Transactions



Incomplete Files

Proper management controls require that documents supporting data contained in REMS be maintained as accurately as possible. Before 1991, however, (1) files were available to all A/FBO staff and access was not controlled, (2) controls were not in place to identify individuals removing documents from the files, and (3) no one was tasked to enforce the requirement to return documents. Therefore, Birnbaum was unable to determine why any particular file was incomplete.

Furthermore, A/FBO had not established procedures requiring staff to review the files for accuracy. As a result, the supporting document files were often incomplete. Without supporting documentation, A/FBO could not validate the accuracy of the values entered into REMS for real property. For example:

- In Khartoum, REMS did not list any acquisition costs for three properties. A/FBO later valued them at about \$5.5 million.
- In Tel Aviv, REMS identified a property cost that did not contain the associated land cost. A/FBO staff noted that the post erroneously deleted the land cost from REMS.
- In Buenos Aires and Curacao, REMS did not contain any financial information for properties that were given to the U.S. Government. Such properties are to be listed at the fair market value at the time of the donation or gift.

Historical Acquisition Information

Historical acquisition costs and other data were frequently missing from REMS. Birnbaum's review of the 315 properties showed that the acquisition cost was missing for 56 properties. Furthermore, the construction date was missing for 112 properties, and the acquisition date was missing for 12 properties. Because supporting documentation was not included in the files, the correct data could not be determined. For example:

- In Lisbon, REMS reported the construction cost of a building as \$1. However, the land associated with the building cost \$2.3 million. Construction cost could not be determined from the supporting document file. A similar problem occurred for a property in Munich.
- In Djibouti, REMS did not list acquisition costs for six properties. A/FBO staff stated that these properties were purchased 16 years ago for about \$600,000.

Exchange Rate Information

Birnbaum could not determine the acquisition cost of 111 properties because the purchase price was stated in foreign currency and applicable exchange rate information was not available. For example, property records listed Harare property values in pounds, Windhoek property values in rands, and Kigali property values in both Belgian and Rwandan francs. The Department had purchased these properties in the 1940s, 1950s, and 1960s. In order to avoid the lack of exchange rate information in the future, A/FBO's new standard cable requires that post submit the purchase price in dollars, and the REMS program requires that the purchase price be stated in U.S. dollars.

Because file documents were often unavailable or incomplete, Birnbaum tried to develop an alternate methodology to determine the book value of real property, which included using supporting documents for and historical records of congressional testimony. However, this methodology was unworkable. Accordingly, Birnbaum could not determine the book value of overseas real property.

A/FBO staff stated that they were working to obtain complete documentation for current and future acquisitions. They added that, as time and circumstances permitted, they would try to gather information on earlier acquisitions and make REMS more reliable. After the completion of our audit, A/FBO staff stated that they have established procedures to review the files of recent acquisitions for completeness and that the issues noted (including poor monitoring of data input and corrections) lack of historical data, etc., will be addressed by planned software improvements in post REMS.

Recommendation 5. We recommend that the Office of Foreign Buildings Operations undertake the necessary actions to review its property files and request that the appropriate post submit any missing required documents.

Recommendation 6. We recommend that the Office of Foreign Buildings Operations provide specific instructions in its training sessions for new general services officers on the requirements to document all elements of the acquisition cost.

Appendices:

- A - Errors Identified in REMS
- B - Files with Missing Documentation
- C - FMP Comments to the Draft Report

ERRORS IDENTIFIED IN REMS

(Exceptions are listed by post and property identification number)

1. Multiple entries were included, information was entered or deleted in error, building lot costs associated with construction were not added.

- AFRICAN AFFAIRS

Abidjan	No property number assigned.
Bamako	X10020
Dakar	X1001

- EAST ASIAN AFFAIRS

Apia	X3000, X3001, X3002
Manila	No property number assigned.

- EUROPEAN AFFAIRS

Athens	X15000
Copenhagen	X1000
Madrid	X1000
Quebec	X10000

- INTER-AMERICAN AFFAIRS

Brasilia	X8000, X11000, X13000, X15000, X17000, X18000
Mexico, D.F.	X1001

- NEAR EASTERN AFFAIRS

Tel Aviv	No property number assigned.
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2. Construction costs were not available.

- EUROPEAN AFFAIRS

Stuttgart	X57226
Munich	X49212, X49213
Lisbon	X2

ERRORS IDENTIFIED IN REMS

3. Exchanged property costs were not recorded, U.S. dollar amounts were not available.

- AFRICAN AFFAIRS

Brazzaville	X8000
Dakar	X1111
Djibouti	X1000, X1001, X1002, X1003, X1004, X1005, X1006
Kampala	R4004, R5005, R598513

- EUROPEAN AFFAIRS

Budapest	X17022, X18023
Istanbul	X16, X17
Hamilton	X2000, X2002

- INTER-AMERICAN AFFAIRS

Havana	R1000
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4. Acquisition costs were not listed.

- AFRICAN AFFAIRS

Khartoum	X27, X28, X41
Lusaka	X25030, X26031
Maseru	X1001
Niamey	X3000
Bissau	R1000, R3000

5. Long-term leased property was recorded as government-owned property.

- AFRICAN AFFAIRS

Monrovia	X1001, X1002, X1003 X1004, X1005, X1006, X1012, X1013, X1014
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FILES WITH MISSING DOCUMENTATION

(Exceptions are listed by post and property identification number)

1. File did not contain documentation to support REMS cost.

- AFRICAN AFFAIRS

Abidjan	X98816
Antanarivo	X4004
Bamako	X9004
Brazzaville	X6000, X6006
Bujumbura	X10, X16
Gaborone	X9008
Harare	X2002, X6005
Khartoum	X74
Kinshasa	X5, X25, X2003, X13014, X19024, X21028, X2431, X34040
Libreville	X2002, X3004
Lubumbashi	X15016
Mbabane	X10010, X55055
Mogadishu	X1003, X1016, X1023, X1025
Monrovia	X1003, X1005
N'Djamena	X6000
Niamey	X2004
Nouakchott	X1001, X1002, X1004
Port Louis	X1001
Yaounde	X58

- EAST ASIAN AND PACIFIC AFFAIRS

Kuala Lumpur	X8006, X11009
Wellington	X9010

- EUROPEAN AFFAIRS

Geneva	X3004
Hamburg	X40000
Munich	X49212
Nicosia	X3000
Strasbourg	X23025

FILES WITH MISSING DOCUMENTATION

- INTER-AMERICAN AFFAIRS

Asuncion	X1005, X44
Belize City	X1004
Lima	X1001
Managua	X1001, X1002, X3000
Port of Spain	X1003
Santo Domingo	X4005

- NEAR EASTERN AFFAIRS

Aden	X1001
Colombo	X9022
Riyadh	X37

2. REMS did not allocate costs between land and building costs.

- AFRICAN AFFAIRS

Antananarivo	X4004
Asmara	X2000
Durban	X11010

- EAST ASIAN AND PACIFIC AFFAIRS

Bangkok	X2009, X2011
Rangoon	X6011, X6022, X4005, X3004, X7025, X7027, X7028

- EUROPEAN AFFAIRS

Rome	X1004
Vienna	X1001

- NEAR EASTERN AFFAIRS

Colombo	X3000
Kathmandu	X2000, X2003
Madras	X40, X34065, X42073
Rabat	X4004, X12012
Tripoli	X5005
Tunis	X7012, X12017

FILES WITH MISSING DOCUMENTATION

3. REMS did not contain construction cost and date.

- AFRICAN AFFAIRS

Bamako	X9004
Kinshasa	X25
Maseru	X3003
Niamey	X1005

- EAST ASIAN AND PACIFIC AFFAIRS

Bangkok	X2, X66, X95, X127, X1039, X4025
Fukouka	X19045
Manila	X2010, X2015, X2019, X2022, X2038, X2047, X2053, X2055, X2057, X2101, X2106, X2222, X2232
Osaka-Kobe	X20033
Rangoon	X3006
Seoul	X2005, X2025, X2026, X3046, X3050, X3051, X3062, X3070
Tokyo	X17061, X17065

- EUROPEAN AFFAIRS

Ankara	X14, X1002, X1018, X2004
Athens	X15015
Bonn	X3010, X3011, X3013
Copenhagen	X1001
Dusseldorf	X22114
Frankfurt	X32125
Hamburg	X39200
Paris	X17019
Rome	X1006, X5013

- INTER-AMERICAN AFFAIRS

Asuncion	X1005, X44
Belize City	X1004
Bogota	X1002, X2002
Brasilia	X1, X1001, X11008, X13009, X17012, X18013

FILES WITH MISSING DOCUMENTATION**- INTER-AMERICAN AFFAIRS (Continued)**

Buenos Aires	X1001
Curacao	X1001
Guatemala	X1001
Lima	X1001
Managua	X1001, X1002, X3000
Port of Spain	X1003
San Salvador	X3006, X3010, X3014
Santiago	X3003
Santo Domingo	X1001

NEAR EASTERN AFFAIRS

Amman	X4005, X4006, X4007, X4009, X4013
Beirut	X38
Cairo	X10
Calcutta	X13
Dhaka	X2009, X42
Kathmandu	X1001, X1008
Rabat	X1001
Riyadh	X36, X43
Sanaa	X2007
Tel Aviv	X8010, X9011, X12014, X21023, X29031 X30035

4. Property files consolidated costs for properties.

- AFRICAN AFFAIRS

Abidjan	X98816
Bamako	X9004
Gaborone	X14013
Monrovia	X1003, X1005
Ndjamena	X3000, X3012
Nouakchott	X1001, X1002, X1004

- EUROPEAN AFFAIRS

Vienna	X1001
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FILES WITH MISSING DOCUMENTATION**- NEAR EASTERN AFFAIRS**

Madras	X42073
Rabat	X4004

5. Property files did not contain exchange rate information.

(Exceptions are listed by post, acquisition date, and currency)

- AFRICAN AFFAIRS

Abidjan	10/24/61	CFA Franc
	11/01/91	CFA Franc
Antananarivo	06/15/61	Franc (local)
Asmara	06/29/50	E. Africa Schilling
Bamako	01/31/89	CFA Franc
Brazzaville	05/16/64	CFA Franc
	01/01/64	CFA Franc
Capetown	11/04/47	Pound
	09/06/48	Pound
	09/01/87	Rand
Conakry	03/20/57	Guinean Franc
Durban	04/05/48	Pound
Gabarone	03/16/79	Pula & Thebe
	11/19/80	Pula & Thebe
Harare	06/11/57	Pound
Khartoum	12/28/78	Sudanese Pound
	03/28/89	Sudanese Pound
Kigali	06/30/79	Belgian Franc
	01/16/81	Rwandan Franc
Kinshasa	11/30/88	Zaine
Libreville	10/21/63	CFA Franc
	12/01/84	CFA Franc
Lilongwe	05/20/80	Kwacha
	11/30/84	Kwacha
Maseru	02/01/80	Maloti
	06/01/75	Maloti
Mbabane	02/09/82	Rand/Lilangeni
	04/15/87	Rand/Lilangeni

FILES WITH MISSING DOCUMENTATION**- AFRICAN AFFAIRS (Continued)**

Ndjamena	05/13/74	CFA Franc
Nouakchott	11/15/65	French Franc
Pretoria	02/03/48	Pound
	12/06/47	Pound
	05/12/87	Rand
	03/15/89	Rand
	04/03/89	Rand
Windhoek	03/04/89	Rand
	05/11/89	Rand
	07/05/89	Rand
Victoria	12/11/87	Seychelles Rupee

- EAST ASIAN AND PACIFIC AFFAIRS

Auckland	12/13/48	Dollar
Bangkok	12/12/85	Baht
	03/19/86	Baht
Hanoi	08/27/48	Piasters
Manila	12/29/48	Pesos
Perth	02/13/80	Dollar
Rangoon	05/27/48	Rupee
	07/30/48	Rupee
	09/30/48	Rupee
	02/11/49	Rupee
Sapporo	10/25/78	Yen
Wellington	01/23/82	Dollar

- EUROPEAN AFFAIRS

Athens	10/18/50	Drachma
Belfast	06/25/63	Pound
Berlin	11/04/57	Deutsche Mark
Budapest	05/30/47	Forint
	02/15/47	Forint
Geneva (UN)	08/01/90	Swiss Franc
Helsinki	03/31/80	Markka
	04/30/80	Markka

FILES WITH MISSING DOCUMENTATION**- EUROPEAN AFFAIRS (Continued)**

London	09/13/49	Pound
	11/20/50	Pound
	04/27/88	Pound
Marseille	10/09/47	Franc
Munich	06/13/57	Deutsche Mark
Nicosia	09/10/47	Pound
Oslo	11/13/58	Kroner
Paris	07/04/46	Franc
Poznan	09/27/65	Zloty
Rome	03/19/31	Italian Lire
Vienna	07/07/59	Schilling

- INTER-AMERICAN AFFAIRS

Belem	06/11/43	Cruzeiro Real
Brasilia	11/03/66	Cruzeiro Real
	05/05/65	Cruzeiro Real
	12/02/71	Cruzeiro Real
	06/08/72	Cruzeiro Real
	06/18/73	Cruzeiro Real
	07/07/65	Cruzeiro Real
Caracas	01/01/67	Bolivar
Georgetown	06/22/72	Guyana Dollar
La Paz	12/29/47	Boliviano
Lima	09/03/74	Soles
	11/24/62	Soles
Mexico D.F.	05/19/65	Pesos
Montevideo	06/07/57	Pesos (Uruguayan)
Nassau	05/23/89	Dollar
Porto Alegre	08/21/59	Cruzeiro Real
Santo Domingo	02/18/66	Pesos

- NEAR EASTERN AFFAIRS

Cairo	10/26/62	Egyptian Pound
	04/29/75	Egyptian Pound
	02/10/81	Egyptian Pound
Calcutta	11/30/90	Rupee

FILES WITH MISSING DOCUMENTATION**- NEAR EASTERN AFFAIRS (Continued)**

Colombo	10/22/48	Rupee
	09/13/61	Rupee
	04/25/69	Rupee
Kathmandu	06/13/61	Rupee
	06/13/61	Rupee
	10/01/64	Rupee
	06/26/63	Rupee
Madras	09/05/66	Rupee
	03/08/67	Rupee
Muscat	09/30/78	Rials Omani
Rabat	07/15/58	French Franc
	01/18/50	French Franc
Tel Aviv	01/01/68	Israeli Pound
	10/25/65	Israeli Pound
	11/26/70	Israeli Pound
	04/15/68	Israeli Pound
	02/08/67	Israeli Pound
Tripoli	11/28/51	Italian Lire
Tunis	02/28/73	Tunisian Dinar
	09/30/74	Tunisian Dinar

6. Property files did not contain acquisition date.

- EAST ASIAN AND PACIFIC AFFAIRS

Kuala Lumpur	X11009
Wellington	X9010

- EUROPEAN AFFAIRS

Hamburg	X40000
Munich	X49212
Nicosia	X3000
Strasbourg	X23025

FILES WITH MISSING DOCUMENTATION

- INTER-AMERICA AFFAIRS

Port Au Prince	X3003
San Jose	X5000
Santo Domingo	X4005

- NEAR EASTERN AFFAIRS

Colombo	X9022
Riyadh	X37

7. Property files did not contain needed data on property exchanges.

- EAST ASIAN AND PACIFIC AFFAIRS

Perth	X24027
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8. REMS and property files contained conflicting data

- AFRICAN AFFAIRS

Harare	X2002
Libreville	X1001

- EAST ASIAN AND PACIFIC AFFAIRS

Perth	X24027
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- EUROPEAN AFFAIRS

Nicosia	X3000
Rome	X1001

- NEAR EASTERN AFFAIRS

Colombo	X9022
Tunis	X7012, X12017

MEMORANDUM

TO: FMP - Mr. Richard L. Greene

FROM: OIG - Jacquelyn L. Williams-Bridgers

SUBJECT: Financial Accounting for Overseas Real Property (97-PP-008)

The subject report is attached for your review and action. We incorporated your comments, as appropriate, within the body of the report and included them in their entirety as appendix C.

Please provide your response to the report and information on actions taken or planned on each of the recommendations directed to your bureau within 45 days of the date of this memorandum. Actions taken or planned are subject to OIG followup and reporting in accordance with the attached resolution procedures.

Attachments:

1. OIG Audit Report 97-PP-008
2. OIG Resolution Procedures

cc: FMP/EX - Mr. Ruben Torres

MEMORANDUM

TO: A - Ms. Genie M. Norris, Acting

FROM: OIG - Jacquelyn L. Williams-Bridgers

SUBJECT: Financial Accounting for Overseas Real Property (97-PP-008)

The subject report is attached for your review and action. We provided your bureau with a draft version of this report but we did not receive comments to be incorporated in the final version.

Please provide your response to the report and information on actions taken or planned on each of the recommendations directed to your bureau within 45 days of the date of this memorandum. Actions taken or planned are subject to OIG followup and reporting in accordance with the attached resolution procedures.

Attachments:

1. OIG Audit Report 97-PP-008
2. OIG Resolution Procedures

cc: A/EX - Mr. Robert B. Dickson
A/FBO - Mr. Joseph T. Sikes

Drafted: OIG/AUD/HGoldman
5/1/97 284-2704
(DISK:REMS2.027)

Cleared: DIG:JCPayne
EA:L Topping
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DAIGA:RBerman
AUD: MKayzak
AUD/PP: Jhuffman